

## Wednesday 8 January 2025 – Afternoon

### Level 3 Cambridge Technical in Business

#### 05834/05835/05836/05837/05878 Unit 1: The business environment

Time allowed: 2 hours

C420/2501



**You must have:**

- a clean copy of the Pre-release (inside this document)

**You can use:**

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

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Last name

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Date of birth

D	D	M	M	Y	Y	Y	Y
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### INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Use the Insert to answer the questions in **Section B**.
- The Insert also contains a copy of the organisation chart on page 16 of this question paper.
- Answer **all** the questions.

### INFORMATION

- The total mark for this paper is **90**.
- The marks for each question are shown in brackets [ ].
- This document has **24** pages.

### ADVICE

- Read each question carefully before you start your answer.

**2**  
**Section A**

Put a tick (✓) in the box next to the **one** correct answer for each question.

**1** What determines the cost of borrowing?

**A** Exchange rates

**B** Interest rates

**C** Taxation rates

**D** Unemployment rates

[1]

**2** Why do businesses plan?

**A** To avoid social responsibility

**B** To increase uncertainty

**C** To maximise concentration risk

**D** To reduce the likelihood of failure

[1]

**3** A pressure group has organised a protest against PB plc.

What would **not** be an intended purpose of this protest?

**A** To attract negative media publicity to PB plc

**B** To change the business behaviour of PB plc

**C** To draw media attention to PB plc's good conduct

**D** To raise awareness of PB plc's poor decision making

[1]

**4** A business makes a profit when its:

**A** bank balance increases

**B** costs are lower than revenue

**C** net cash flow is positive

**D** revenue is greater than fixed costs

[1]

5 Which is an internal source of finance for a company?

- A Bank loan
- B Reserves
- C Trade credit
- D Venture capitalist


[1]

6 A summary of a business' income statement is shown below.

	£
Revenue	45 000
Cost of sales	22 500
<b>Gross profit</b>	22 500
Expenses	37 500
<b>Net Profit</b>	(15 000)

According to the income statement, the business has:

- A broken even
- B made a net loss of £15 000
- C made a total profit of £7 500
- D made an overall loss of £7 500


[1]

7 A large organisation distributes subtasks to different functional areas.

This is an example of:

- A accountability
- B being enterprising
- C division of work
- D empowerment


[1]

8 Which is likely to cause a reduction in sales revenue?

A A major competitor leaving the market

B Missing the HMRC's deadline for the payment of taxes

C Not listening to customer concerns about quality

D Taking longer than the agreed 28 days to pay suppliers

[1]

9 The process of comparing a business' own performance against the performance of the best in the industry is called:

A benchmarking

B forecasting

C innovation

D prioritisation

[1]

10 Which is the **most likely** impact on a furniture manufacturer of inflation?

A Imported wood becomes cheaper

B Interrelationships between operations and finance worsen

C Returns on savings increase

D Transportation costs become more expensive

[1]

11 Who would be classified as external stakeholders of a hospital?

A Cleaning staff

B Doctors

C Nurses

D Patients

[1]

12 According to the Partnership Act, all business partners:

- A are jointly liable for debts
- B have limited liability
- C must sign a deed of partnership
- D need to take an equal share of the workload


[1]

13 The table below summarises the performance of a food bank against its objectives for the last two years.

Food bank's objective:	2023		2024	
	Target	Actual	Target	Actual
Number of food items donated	18 000	18 000	24 000	24 020
Number of families helped	1 500	1 552	2 000	1 936

The table shows that the food bank:

- A met all of its objectives in 2023 and 2024
- B met all of its objectives in 2023 but not in 2024
- C met all of its objectives in 2024 but not in 2023
- D met none of its objectives in 2023 and 2024


[1]

14 What is likely to improve the long-term success of a business?

- A A high break-even point
- B Being competitive
- C Having a flawed business plan
- D Incomplete knowledge of the market


[1]

15 Which would be fixed costs for a manufacturer?

- A Insurance premiums and production operatives' wages
- B Managers' salaries and insurance premiums
- C Production operatives' wages and purchases of raw materials
- D Purchases of raw materials and utility bills

[1]

16 A salad bar is **most likely** to reduce the size of its salads:

- A in response to a government initiative promoting healthy eating
- B in response to a reduction in the strength of competition
- C to increase its break-even level of output
- D to increase its reputation for offering value for money

[1]

17 Which would be classified as non-current assets in a statement of financial position?

- A Inventory
- B Premises
- C Trade payables
- D Trade receivables

[1]

18 Why might a business plan contain details of how new product designs will be protected?

- A To create competitive rivalry
- B To reassure potential investors
- C To reduce the business' margin of safety
- D To reveal the business' intentions to competitors

[1]

19 A stakeholder with a high degree of influence is likely to have their objectives:

A ignored

B minimised

C prioritised

D rejected

[1]

20 An extract from a CIC's cash flow statement for the final quarter of last year is shown below.

	October	November	December
<b>Net cash flow</b>	£7000	(£3000)	£0
<b>Opening balance</b>	(£5000)	£2000	(£1000)
<b>Closing balance</b>	£2000	(£1000)	(£1000)

According to the cash flow statement, which of the following statements **must** be true?

A The CIC did not have any cash inflows in December

B The CIC did not use its overdraft during the final quarter of last year

C The CIC's cash inflows were greatest in October

D The CIC's cash outflows exceeded cash inflows in November

[1]

**Section B**

All of the questions in this Section should be answered in relation to businesses you have researched.  
A clean copy of the research brief is provided.

21 Using SWOT analysis, identify two **threats** to a business that you have researched.

**Name of business** .....

**Activity of business** .....

1 .....

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2 .....

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**[2]**

22 Explain **one** advantage and **one** disadvantage to a business that you have researched of using a credit card as a source of finance.

**Name of business** .....

**Activity of business** .....

Advantage .....

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Disadvantage .....

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**[4]**

23 Identify **one** objective of each of the following stakeholders:

- customers
- central government.

In each case, analyse an impact on a business you have researched of meeting this objective.

**Name of business** .....

**Activity of business** .....

Objective of customers .....

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Impact on business of meeting this objective .....

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Objective of central government .....

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Impact on business of meeting this objective .....

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24 Outline **two** ways a business you have researched complies with the Consumer Rights Act.

**Name of business** .....

**Activity of business** .....

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**[4]**



## Section C

Read the business scenario below.

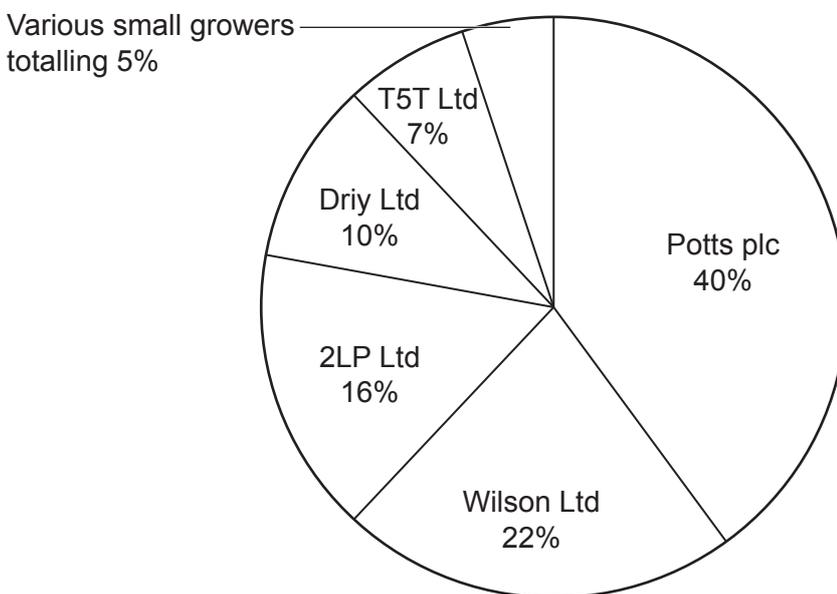
**Business scenario:** Wilson Ltd

Wilson Ltd is a specialist grower of tomatoes. It has farms located in the North, South and West of England. Amos Wilson set up the business over forty years ago to provide: an income for his growing family; employment for local residents; and nutrition for the nation. Wilson Ltd remains a family run business. Its three current directors are all grandchildren of the founder. All current shareholders are family members. The company remains committed to the goals of its founder.

The multi-million pound company grows tomatoes throughout the year in glasshouses and packs them in its own packhouses. All three of the company's divisions – Northern Division, Southern Division and Western Division – are profitable. The company has invested heavily in computerised climate control systems for the glasshouses and sophisticated robots to pick the tomatoes and transfer them to the packhouses. It has also automated the packing process to wash, grade, sort by size, and package the tomatoes ready for transporting to shops and restaurants across the UK.

The company currently has 360 employees. Over a quarter of these employees have highly skilled roles managing complex IT systems or maintaining innovative technology. The company minimises the energy, water and other resources needed to grow the tomatoes; recycles plant waste and uses renewable energy. All three directors agree that environmental sustainability has contributed significantly to the company's success. **Fig. 1** shows the latest market share data for Wilson Ltd.

**Fig. 1: British-grown tomatoes – market share in 2024, by volume**



While demand for most types of tomato remains stable, market research shows a 15% increase in demand for British-grown, smaller-sized, cherry tomatoes. Wilson Ltd's directors have, therefore, decided to open a fourth division – Eastern Division – to specialise in growing cherry tomatoes.

Low unemployment levels and intense competition for farm labour in the East of England, coupled with a national IT skills shortage, will make finding 120 suitable workers difficult. In addition, with inflation of 6% and interest rates at 5%, the company will need to offer competitive rates of pay. A recent government survey suggests that 50% of UK workers are currently experiencing low morale.

The initial cost to open Eastern Division is £15 million. This will need to be financed externally.

All of the questions in Section C should be answered in relation to the business scenario on page 12.

**26** Use the information in **Fig. 1**.

**(a)** Identify Wilson Ltd's:

- position in the market

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- largest competitor.

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**[2]**

**(b)** Assuming British growers produced a total of 143 000 tonnes of tomatoes last year, calculate Wilson Ltd's volume of sales in 2024.

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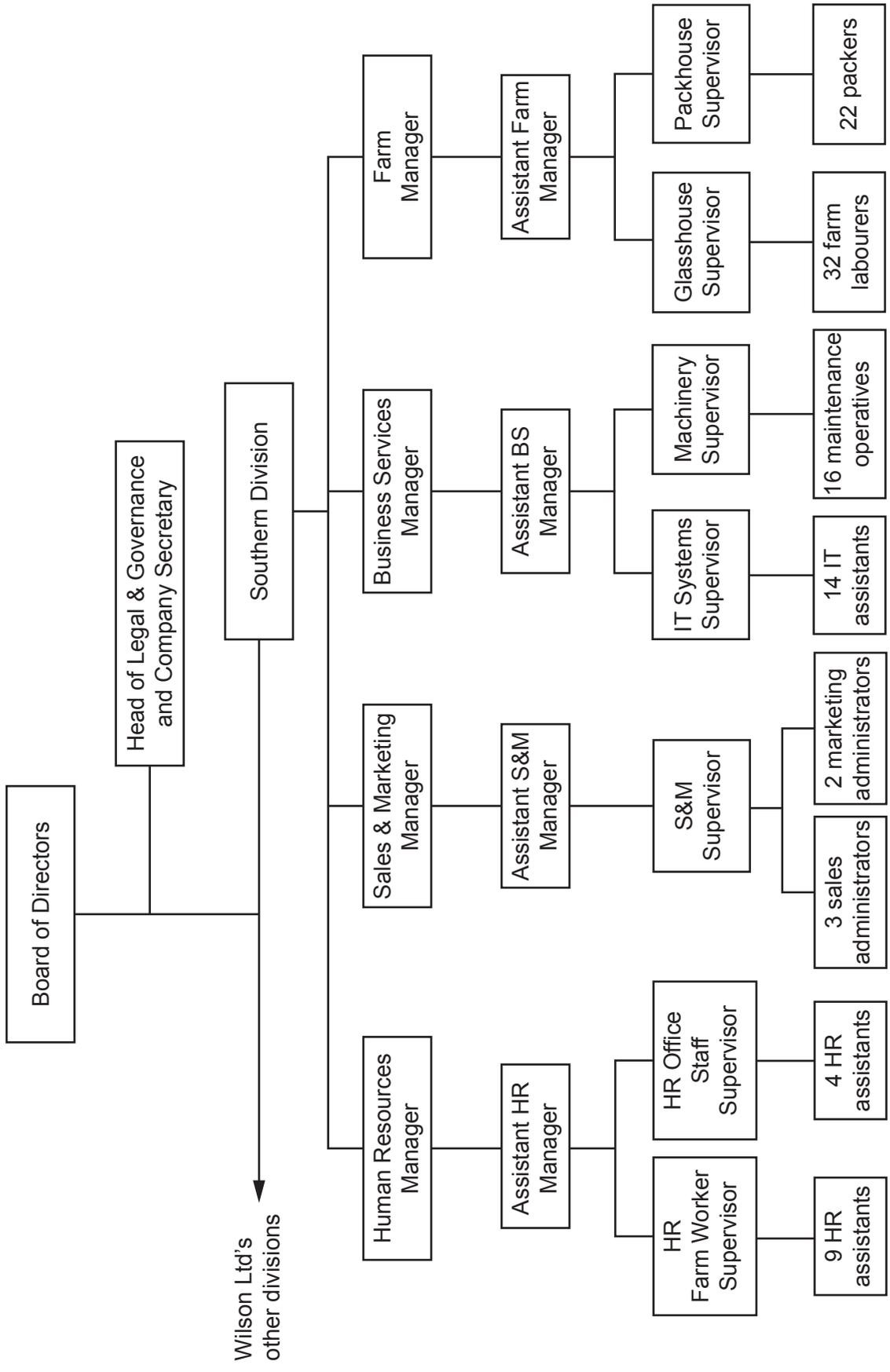
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..... **[2]**





28 Each of Wilson Ltd's three divisions is organised in the same way. The organisation chart for Wilson Ltd's Southern Division is shown below.



A copy of the organisation chart from page 16 is included in the Insert.

Identify:

- the formal communication path from Southern Division's Assistant Farm Manager to the 22 packers

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- the span of control of Southern Division's S&M Supervisor

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- **one** job role in the Southern Division that has the same status as its Human Resources Manager

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- the hierarchical structure Wilson Ltd uses

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- the way Wilson Ltd is organised.

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**[5]**



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